

CHAPTER XIV

THE COMMUNITY AS LANDLORD

Possibly the most important and most difficult problem of all is the relation of the colonist to the land. Shall the farmer own the land outright? Shall he be given an absolute title to the land to do with as he wills—to sell, to lease, or to speculate in? Or shall the government retain some kind of control over the land to prevent speculation and improvident use?

We assume that if we make it easy for a man to get to the land, his own initiative will take care of everything else. We have followed such a policy for 300 years, with the result that 37 per cent. of American farmers are tenants. In some States the percentage is much higher. The tenant is a bad farmer. He moves from place to place. He neglects improvements and exhausts the soil. He takes little interest in the community and resents taxes and improvements. In addition freehold ownership may lead to the consolidation of

holdings. Men get discouraged. They may be tempted by an offer that gives them a profit on their investment. In time the colony might change its character: it might even cease to be a colony, and become a series of large estates on tenant-farms brought to a high state of fertility by government aid, and sold out by the owners at a profit to speculators.

Speculation is likely to develop under absolute ownership. For the land in such a community will probably increase in value. The farm-land might very readily rise as much as \$150 to \$300 an acre, while the building sites in the towns would be much more valuable. The homestead site might readily be worth half the cost of the entire farm. For with expert guidance, with co-operation, with good schools and well-developed markets and social advantages the colony would become a very desirable place in which to live, while the farming-land would have far greater value than that of the surrounding country.

Now the purpose is to create a community of home-owning, farm-loving people, who will look upon the colony as a permanent place

of residence and a home for their children as well. Permanence can be achieved only by some kind of continuing control over the land by the government. This can be secured in a number of ways:

One. The government can sell the land in fee under restrictions which provide that the land must be cultivated by the owner, that it shall not be let out to a tenant, that it shall be maintained at a certain standard of excellence, and that no sales shall be made by the owner except with the approval of the community.

Covenants could be inserted in the contract of sale to insure that in case of violation of any such regulations the holdings would revert to the community on payment of the investment cost to the owner.

Two. In the garden villages in England plans have been worked out for co-operative ownership of the entire community by the occupiers. Tenants do not own the houses in which they live, they own a share in the community which is represented by stock in a corporation. The tenant-owner occupies his house at a fixed rent as long as he desires, and trans-

mits the right of occupancy to his children. The rent cannot be increased and the stock-owner, or co-operative tenant, as he is called, can sell his shares of stock representing his investment in the community undertaking, just as he sells bonds or shares in any other corporation. This plan has proved perfectly feasible. In this way the tenant has an interest in the whole community. He is interested in its maintenance and up-keep. He is jealous of its membership. He promotes its co-operative undertakings. He becomes part of a community through ownership in a corporation which owns and controls the entire village. By this means the increasing value of the land goes to the whole community, rather than to any particular owner. The village becomes the speculator. It receives the "unearned increment."

The capital advanced by investors, who are not members of the community, receives a fixed return, like a bond. The rate of return is usually 5 per cent. All earnings in excess of 5 per cent., and all increases in the value of the land due to the growth and popularity of the village goes to the corporation and is used

to reduce taxes, to build schoolhouses, and for other community purposes. This plan has many advantages of which the chief is the interest aroused in the residents of the community as a whole.

Three. The third method of community control is for the government to hold the title to the land, capitalize its investment at cost and lease the land to settlers at an annual ground-rental sufficient to cover the interest charges on the land investment. The rental would be determined by the value of the land. From time to time the ground-rental would be revalued as land values changed, and any rental collected in excess of the original interest charges could be dedicated to community use—to the payment of taxes, the promotion of education, the erection of buildings, the ownership of blooded stock, or any other purpose which the community might decide upon. By this means the individual who happened to get a favored site would be on a plane of equality with the individual who was less fortunate. He would not be enriched by the growth of the community; for we may assume that land purchased under these conditions and improved

by the government would quickly acquire a new value. The development of marketing, the introduction of machines, the attractiveness of community life, would give to the land within the community an increment value which other lands would not possess. In a village of 2,000 people the annual ground-rent might amount to \$50,000, of which possibly one-half would go to the government for the repayment of interest charges, and the other half could be used for the payment of taxes and other community purposes.

Such a plan of taxing the land or renting it at its actual value would automatically compel men to cultivate their land rather than permit it to lie idle. They could not escape the tax-gatherer. This plan would discourage tenancy, and end speculation. Moreover, it would reduce the functions performed by the government to a minimum, and would enable the community to enjoy many comforts and amenities which could not be secured in any other way.

The same reasons do not exist for community control over improvements. These should be paid for and owned by the individual occupant.

He should pay interest upon the investment, and an annual amortization charge sufficient to repay the cost of the improvement during its lifetime, possibly thirty years.

Under this plan the colonist would own his home which he could transmit to his children as fully as though he were the owner of the land. When his improvements were paid for he would be free from all obligations to the community or the government except his annual ground-rent, which would contribute to the payment of his taxes. He would be to all purposes a freehold farmer except that he could not speculate in his land or hold it out of cultivation. His only obligation would be the natural obligation that he should not make use of the generosity of the state as a means of speculation or to the disparagement of the community enterprise.